

# Medicare Prescription Drug Coverage

## “Information for Seniors and People with Disabilities & Medicaid”



### A Question and Answer Guide Produced by the CHOICES Program

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On January 1, 2006 Medicare started a new program to pay for prescription drugs for everyone who has Medicare Part A or Part B.

If you're on Medicaid, the State of Connecticut paid for your prescription drugs prior to January 1, 2006. **Starting January 1, 2006, Medicare will pay for most of your prescription drugs.** Medicaid still covers some of your prescription drugs.

Even though Medicaid no longer pays for most of your prescription drugs, it continues to pay for your other medical needs as it did before. The questions and answers below will give you information about the new prescription drug program and tell you how it works with Medicaid.

**Special Section on Medicaid Spenddown!** See pages 4 - 7, to find a special section with additional information for people who are on a Medicaid spenddown.

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**1. What is Medicare Prescription Drug Coverage?** Medicare prescription drug coverage is a new program for everyone who has Medicare. It started on January 1, 2006 and is also known as “Medicare Part D” and “Medicare Rx.” It pays for outpatient prescription drugs, insulin and insulin supplies, and “stop smoking” drugs. Because you are on Medicare and Medicaid (Title 19), the new program changes the way you get your prescription drugs. **Starting January 1, 2006, Medicare pays for most of your prescription drugs.** Medicaid still pays for some drugs, and it still pays for all your other medical and hospital needs, as it does now.

**2. How will I get my prescription drugs under the new program?** Medicare won't administer the new program directly. Instead, it contracts with private companies to provide the coverage. In Connecticut, there are 17 stand-alone Medicare Prescription Drug Plans (PDPs), and four Medicare Advantage plans (HMO or PPO) that offer Medicare prescription drug coverage. Each of these companies, in turn, offers several different plan options with different benefits and costs. Each plan also offers its own selection of drugs (this is called a "formulary") and different provider networks. **You will need to be enrolled in one of these plans to have Medicare prescription drug coverage. If you have Medicaid and did not enroll in a plan by December 31, 2005, Medicare enrolled you in a plan.**

**Important For People With Medicare & Medicaid!** In November 2005 Medicare sent you a letter telling you that they had selected a plan for you. You could have told Medicare to enroll you in a different plan that you liked better, or you could have told Medicare not to enroll you in any plan. (NOTE: If you told Medicare not to enroll you in any plan, you will have lost your Medicaid drug coverage!) You had until December 31, 2005 to tell Medicare what you wanted to do. If you didn't take any action by December 31, 2005, you were automatically placed into the "benchmark" plan Medicare selected for you. The "automatic enrollment" process was done to ensure that people on Medicaid were not without prescription drug coverage on January 1, 2006, even if they forgot to enroll in a plan.

**3. What medications will Medicare cover?** Each Medicare prescription drug plan offers its own selection of covered drugs, called a "formulary." Each plan has a different formulary. You will be limited to the drugs on your plan's formulary. *Before deciding on a plan, therefore, you need to be sure it covers all the medications that you take.*

Medicare covers most outpatient prescription drugs, insulin and insulin supplies, and "stop-smoking" drugs. Medicare-approved plans offer a choice of at least two drugs in each of 146 categories of drugs. Medicare-approved plans also cover all drugs in the following six categories of drugs: anti-depressants, anti-psychotics, anti-convulsants, anti-cancer, immuno-suppressants and HIV/AIDS.

**4. How do I pay for drugs that Medicare doesn't cover?** Some drugs are not on your plan's formulary. They are referred to as "non-formulary" drugs. Your Doctor may be able to start a special "exceptions" process for coverage of non-formulary drugs. Other drugs are "excluded," i.e., Medicare won't pay for them, and so they won't be on most plans' formularies. These excluded drugs include barbiturates, benzodiazepines, drugs for weight loss or gain, over-the-counter drugs and drugs that are covered by Medicare Part A or Part B.

**IMPORTANT!** Medicaid (Title 19) continues to pay for drugs that are not covered by Medicare – as long as they are drugs that Medicaid covered prior to January 1<sup>st</sup>, 2006. However, Medicaid does not pay for drugs that are not on your plan's formulary, so be sure to choose your plan carefully.

**5. How does the new program work?** The Medicare prescription drug plan that you select gives you a member card that you use at the pharmacy, just like you used to use your Medicaid card.

**6. What is this "Extra Help" I've been hearing about?** People with limited income and assets are eligible for Extra Help to pay for their Medicare prescription drug costs. If you were on Medicaid as of January 1<sup>st</sup>, 2006, you automatically qualify for Extra Help and you do not have to apply. You probably got a letter from Social Security during the summer of 2005 telling you about the Extra Help.

If you have Medicaid and are getting Extra Help you do not have any costs for Medicare prescription drug coverage. You do not have to pay an annual deductible and you do not have to pay a premium. **In addition, because of additional help that Medicaid recipients receive from the State of Connecticut, you do not have co-pays for any of your prescription drugs.**

**7. How will I select a plan?** During the summer of 2005 Medicare mailed the "Medicare & You 2006" handbook to all Medicare recipients. You should also get a copy of the CHOICES Enrollment Guide from your CHOICES counselor. These documents give

you information about the plans in Connecticut. You need to study information about the plans and ask the following questions at a minimum:

- Are the drugs you take now covered by the plan?
- Do you live in the plan's service delivery area?
- Is the plan accepted at the pharmacy you use?
- What will you have to pay?

Call CHOICES (1-800-994-9422) if you need help selecting a plan.

**8. Can I Switch Plans Later?** Yes, if you have Medicaid, you can change plans at anytime. Your change will be effective the first day of the month following the month you make the change.

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### Special Information for People on a Medicaid Spenddown

- **What is spenddown?** If your income is too high to qualify for Medicaid, you may be on a Medicaid "spenddown." During this time, your medical expenses, including your prescription drug costs, are subtracted ("spent down") from your income until your income falls below the allowable Medicaid income limit. The more medical expenses you have, the faster you reach your spenddown requirement and become eligible for full Medicaid benefits.
- **How do I get help paying for my prescription drugs while I am on spenddown?** In Question 6 we told you about getting Extra Help to pay for your Medicare prescription drugs. Once you qualify for Medicaid, you will get this Extra Help automatically. *But, while you are on spenddown, you're not on Medicaid yet, so you'll need to do three things to get help paying for your prescription drugs:*
  - 1. Apply for Extra Help.** During the summer of 2005, you may have received an Extra Help application in the mail from Social Security. It's very important that you fill out this application and return it to SSA in the envelope they provided. If you didn't get an application but think you may qualify for Extra Help, call CHOICES (1-800-994-9422) for assistance.

2. **Enroll in a Medicare prescription drug plan.** You could have enrolled in a plan as early as November 15, 2005. If you enrolled by December 31, 2005 you had prescription drug coverage beginning January 1, 2006.
  3. **Consider enrolling in ConnPACE.** ConnPACE participants will not pay more than \$16.25 per prescription. Enrollment in the ConnPACE program ensures that you do not pay more than \$16.25 per prescription during the time you are trying to meet your spenddown. To find out more about ConnPACE please refer to the Q&A Guide entitled "Information for ConnPACE Recipients." You can also call ConnPACE (1-800-423-5026) or CHOICES (1-800-994-9422).
- **How will spenddown work once I have Medicare prescription drug coverage?**  
Prior to January 1<sup>st</sup>, 2006, while you were on spenddown, you were probably paying for your prescription drugs out of your own pocket. But starting January 1st, 2006, if you qualified for Extra Help and you enrolled in a Medicare prescription drug plan, Medicare pays for a portion of your prescriptions even while you are on a Medicaid spenddown. Depending on your income and assets, your cost may be as little as a \$2 or \$5 co-pay for each prescription that you fill.

**This means that once you have Medicare prescription drug coverage, you won't be paying as much out-of-pocket for medications while you are on spenddown. Because of this, you may not spend down as fast as you used to. However, this also means you'll probably keep more of your own money to spend on other things.**

### **An Example of Medicaid Spenddown**

**Before January 1<sup>st</sup> 2006:** Sam's gross monthly income is \$860. DSS disregards the first \$183 of Sam's income, so only \$677 gets counted ( $\$860 - \$183 = \$677$ ). The monthly Medicaid income limit in his area of the state is \$477. Therefore, Sam has \$200 in "excess income" each month ( $\$677$  countable income -  $\$477$  income limit). Because he is on a spenddown, he has to incur this amount in medical bills before he qualifies for Medicaid. Sam spends \$225 each month out-of-pocket for medical expenses (\$150 for 10 generic prescriptions and \$75 to the doctor).

The actual spenddown period in CT is six months so we are going to multiply all of Sam's income and medical expenses times 6 months to show how his spenddown will work.

	<b>Monthly</b>		<b>Over a 6-month period</b>
Sam's countable income	\$677	X 6 months	\$4,062
Sam's Medicaid income limit	\$477	X 6 months	\$2,862
Sam's "excess income" (\$677 - \$477 = \$200)	<b>\$200</b>	X 6 months	<b>\$1,200</b> (this is Sam's spenddown amount)
Sam's medical bills	\$225	X 6 months	\$1,350

Because he has incurred at least \$1,200 in medical expenses, Medicaid is granted and picks up \$150 of his medical expenses (\$1,350 - \$1,200). In addition to the \$1,098 that the Department disregarded, (\$183 x 6 months), this leaves Sam with \$2,862 (\$4,062 - \$1,200) to spend on other needs.

**WITH EXTRA HELP:** As of January 1<sup>st</sup>, 2006 if Sam enrolled in a Medicare Rx plan in December 2005, he began receiving prescription drug coverage even if he is not on Medicaid because he is trying to meet his spenddown, He will be spending less on prescriptions with the addition of Extra Help, e.g., \$20 for 10 generic prescriptions each month (\$2 co-pay for each) vs. \$150 he spent each month prior to January 1<sup>st</sup>, 2006. Because he's spending less, it's going to take longer for him to meet his spenddown requirement. At the same time, however, he has more of his own money left each month to spend on other needs. The table below shows how much Sam has left to spend on other needs prior to January 1<sup>st</sup>, 2006, and with the Extra Help he receives under the Medicare prescription drug plan after January 1, 2006. *With Extra Help, Sam has \$630 more left in his pocket at the end of a six-month period (\$3,492 - \$2,862 = \$630).*

	<b>Before 1/1/06</b>	<b>With Extra Help as of 1/1/06</b>
Six-month countable income	\$4,062	\$4,062
Six-month Medicaid income limit	\$2,862	\$2,862
Six-month "excess income" (his spenddown amount)	<b>\$1,200</b>	<b>\$1,200</b>
Costs for 10 generic prescription drugs	\$900 (\$150/month x 6 = \$900)	\$120 (\$2 co-pay for each prescription x 6 months)
Other medical expenses over 6 months (\$75 x 6)	\$450	\$450
Total medical expenses	<b>\$1,350</b>	<b>\$570</b>
Eligible for Medicaid?	Yes	No
Sam's total out-of-pocket costs	\$1,200 (Medicaid paid \$150)	\$570
Amount Sam has left for other expenses (in addition to the \$1,098 he has leftover from the income disregard)	<b>\$2,862</b> (\$4,062- \$1,200)	<b>\$3,492</b> (\$4,062- \$570)

- **How long can I get Extra Help?** Once Extra Help is granted, you continue receiving this benefit for a full calendar year, even though you may begin a new spenddown period after six months.

**9. What do I do next?** If you had Medicaid prior to January 1<sup>st</sup>, 2006, you probably received a letter from Medicare telling you that you automatically qualified for Extra Help. You didn't have to do anything to apply for it. If you're on a Medicaid spenddown you probably received an Extra Help application in the mail during the summer of 2005. Be sure to fill it out and return it to SSA. You can apply for Extra Help directly on-line ([www.socialsecurity.gov](http://www.socialsecurity.gov)). Or, you can call CHOICES (1-800-994-9422) to get an application.

After you applied for Extra Help, you should have selected and enrolled in a Medicare prescription drug plan. You can compare plans using Medicare's on-line Plan Finder tool at [www.medicare.gov](http://www.medicare.gov). You can also call Medicare (1-800-MEDICARE) or CHOICES (1-800-994-9422) for help in selecting a plan.

#### **10. Important dates to remember.**

**November 2005** - If you have Medicaid, you should have received a notice from Medicare telling you which prescription drug plan you have been assigned to if you have not enrolled on your own by December 31, 2005.

**November 15, 2005** - The first day you could have enrolled in a plan. You could have requested an application from one of the plans, or you could have enrolled on-line using the same Medicare Plan Finder tool described above. You could have also contacted Medicare (1-800-MEDICARE) or CHOICES (1-800-994-9422) for enrollment assistance.

**December 31, 2005** – If you are on Medicaid, and did not selected a plan by this date, Medicare auto-enrolled you in the benchmark plan they selected for you. You can change plans if you find another plan that better meets your needs. (NOTE: If you are on a Medicaid spenddown, you have until May 15, 2006 to enroll in a plan.)

**January 1, 2006** – Your new Medicare prescription drug coverage began.

**11. Where Can I Get More Information?** Call CHOICES (1-800-994-9422) to speak to a counselor at the Area Agency on Aging serving your area of the state. CHOICES counselors are trained and certified to assist you with your Medicare issues and concerns. They can also help with comparing and enrolling in a Medicare prescription drug plan and getting Extra Help to pay for your premiums, deductibles, and co-pays.

You can also get more information from these on-line sources:

- **State of CT Department of Social Services:** [www.ct.gov/medicarerx](http://www.ct.gov/medicarerx)
- **Medicare:** [www.medicare.gov](http://www.medicare.gov)
- **Social Security:** [www.socialsecurity.gov](http://www.socialsecurity.gov)
- **Center for Medicare Advocacy:** 1- 800-262-4414 or [www.medicareadvocacy.org](http://www.medicareadvocacy.org)
- **Department of Social Services, Aging Services Division:** [www.ctelderlyservices.state.ct.us](http://www.ctelderlyservices.state.ct.us)

*CHOICES is a program of the State of Connecticut Department of Social Services, Aging Services Division, and serves as Connecticut's State Health Insurance Assistance Program (SHIP), as designated by the Centers for Medicare and Medicaid Services. CHOICES is administered in partnership with the Area Agencies on Aging and the Center for Medicare Advocacy, Inc.*



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This publication is not a legal document. The official Medicare provisions are contained in the relevant laws, regulations and rulings.

This information is available in alternative formats. Call 1-800-994-9422. TDD/TTY users call 1-800-842-4524.